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WHAT The Soviets Had on Danilo

WHY U.S. Hurried To Arrange Swap

HOW CIA Bungling Jeopardized Him

By Roy Gutman

Newsday Washington Bureau

Washington — The United States was eager to have Nicholas Danilo
freed from a Soviet prison in part because of the CIA's mishandling of a contact the agency had with him last year, U.S. officials said yesterday.

They said the Reagan administration feared that the CIA had inadvertently implicated the American reporter in a way that could cause him serious trouble under prolonged questioning by the Soviets and could embarrass the administration and extend the confrontation. The contact involved a communication that Danilo delivered from a Soviet citizen to the U.S. Embassy in Moscow.

The U.S. News & World Report correspondent was arrested on Aug. 30, more than a year later, after receiving a package from a Soviet acquaintance containing classified materials. The Reagan administration said he had been framed. Officials said his arrest was an apparent response to the FBI's arrest in New York a week earlier of Gennadiy Zakharov, a Soviet UN employee, on espionage charges.

For more than a week, the White House rejected Soviet demands to give equal treatment to Danilo and Zakharov. But on Sept. 12, the administration relented. Danilo was turned over to the custody of the U.S. ambassador in Moscow, and Zakharov was remanded into the custody of the Soviet ambassador in New York.

Secretary of State George Shultz defended the equal treatment on humanitarian grounds, and White House officials, speaking to reporters on

background, said that they were worried that Danilo might not be able to withstand the mental pressure of further incarceration.

But following Danilo's return to the United States, officials disclosed what they said was the main reason for the change of U.S. attitude. This was the report in the Soviet government newspaper Izvestia on Sept. 8 of an incident involving Danilo that had occurred at the beginning of 1985.

"In some circles, there was fear of him being interrogated for a number of days," said an official, who asked not to be named, but who is with an agency that opposed the arrangement. "You don't know what else would happen. There was a fear in the government that Danilo could have been in big trouble."

The earlier incident involved a man who identified himself as a priest and who sought out Danilo with purported information about Soviet youth organizations. A few days after the priest, who called himself "Father Roman," promised to drop off a packet of material on religious subjects, Danilo found an envelope left outside his apartment and addressed to the U.S. Embassy.

Uncertain what to do with the package, Danilo finally brought it to the embassy, where an official opened it in his presence, sources close to Danilo said. It contained other envelopes, including one addressed to CIA Director William Casey.

One letter contained a reference to rockets and other military subjects. The letter addressed to Casey was handed over to the CIA station chief in Moscow, and he in turn gave it to a CIA subordinate in the embassy, the sources said.

One embassy official asked Danilo how to get in touch with "Roman," and Danilo provided that information.

In an unusual move, which one senior U.S. official in Washington termed "very amateurish," the CIA subordinate then telephoned Roman and, on the open line, said, "I'm a friend of Nicolai," and acknowledged receiving the packet. He also sent Roman a note in which he used words to the effect that he had received "your package from your journalist friend."

Sources close to Danilo quoted him as saying that the episode was thoroughly discussed during his interrogation. It was also mentioned in the indictment against him handed down on Sept. 7.

Danilo's wife, Ruth, told reporters in Moscow that Roman was a "bogus priest the KGB sicced on Nick at the end of 1984."

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The first reference to the letter in the Soviet media was contained in the Sept. 8 Izvestia article. It said that an American diplomat, Paul M. Stombaugh, had written to Roman and mentioned "a reporter" who passed the letter from Roman to a designated address on Jan 24, 1985.

"It remains to be added that the reporter mentioned above was Nicholas Danilooff, who passed the above-mentioned letter to intelligence," Izvestia said. The report did not mention the phone call. But it added, "Are more proofs needed? They exist."

Stombaugh was declared persona non grata and expelled from the Soviet Union in June, 1985, for alleged espionage.

On Sept. 13, a day after Danilooff and Zakharov were released to the custody of their respective ambassadors, the Soviet foreign ministry spokesman claimed "irrefutable" evidence that Danilooff had acted "on instructions" of an American, Murat Natirboff, who was identified in Soviet news accounts as the CIA station chief in Moscow.

Sources close to Danilooff said that Natirboff, who had the title of counselor for regional affairs, left Moscow about three days after Danilooff's arrest.

The CIA refused to comment on the incident with Father Roman or allegations in the official Soviet media that Stombaugh or Natirboff had been involved. Kathy Pherson, a spokeswoman, said: "If you write an article about people who are allegedly intelligence officers, it sure doesn't help anybody, whether you're right or not." She also noted that the Agents' Identities Act, which makes disclosure of CIA agents' identities illegal, is still in force.

During his interrogation in Lefortovo prison, sources close to Danilooff said, he asked his Soviet questioner what he should have done in a case where a Soviet citizen approached him with an offer of information about Soviet life. The interrogator replied that Danilooff should tell the Soviet citizen to clear out.